

## **IC 6-3.1-9**

### **Chapter 9. Neighborhood Assistance Credits**

#### **IC 6-3.1-9-1**

##### **Definitions**

Sec. 1. As used in this chapter:

"Business firm" means any business entity authorized to do business in the state of Indiana that has state tax liability.

"Community services" means any type of counseling and advice, emergency assistance, medical care, recreational facilities, housing facilities, or economic development assistance to individuals, groups, or neighborhood organizations in an economically disadvantaged area.

"Crime prevention" means any activity which aids in the reduction of crime in an economically disadvantaged area.

"Economically disadvantaged area" means an enterprise zone, or any area in Indiana that is certified as an economically disadvantaged area by the department of commerce after consultation with the community services agency. The certification shall be made on the basis of current indices of social and economic conditions, which shall include but not be limited to the median per capita income of the area in relation to the median per capita income of the state or standard metropolitan statistical area in which the area is located.

"Education" means any type of scholastic instruction or scholarship assistance to an individual who resides in an economically disadvantaged area that enables him to prepare himself for better life opportunities.

"Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

"Job training" means any type of instruction to an individual who resides in an economically disadvantaged area that enables him to acquire vocational skills so that he can become employable or be able to seek a higher grade of employment.

"Neighborhood assistance" means either:

- (1) furnishing financial assistance, labor, material, and technical advice to aid in the physical or economic improvement of any part or all of an economically disadvantaged area; or
- (2) furnishing technical advice to promote higher employment in any neighborhood in Indiana.

"Neighborhood organization" means any organization, including but not limited to a nonprofit development corporation:

- (1) performing community services in an economically disadvantaged area; and
- (2) holding a ruling:
  - (A) from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of the Internal Revenue Code; and
  - (B) from the department of state revenue that the organization is exempt from income taxation under

IC 6-2.5-5-21.

"Person" means any individual subject to Indiana gross or adjusted gross income tax.

"State fiscal year" means a twelve (12) month period beginning on July 1 and ending on June 30.

"State tax liability" means the taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);  
and

(2) IC 6-5.5 (the financial institutions tax);  
as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

"Tax credit" means a deduction from any tax otherwise due and payable under IC 6-3 or IC 6-5.5.

*As added by P.L.51-1984, SEC.1. Amended by P.L.21-1990, SEC.12; P.L.25-1993, SEC.10; P.L.192-2002(ss), SEC.99.*

### **IC 6-3.1-9-2**

#### **Eligible persons; proposals; approval**

Sec. 2. (a) A business firm or a person who contributes to a neighborhood organization or who engages in the activities of providing neighborhood assistance, job training or education for individuals not employed by the business firm or person, or for community services or crime prevention in an economically disadvantaged area shall receive a tax credit as provided in section 3 of this chapter if the director of the department of commerce approves the proposal of the business firm or person, setting forth the program to be conducted, the area selected, the estimated amount to be invested in the program, and the plans for implementing the program.

(b) The director of the department of commerce, after consultation with the community services agency and the commissioner of revenue, may adopt rules for the approval or disapproval of these proposals.

*As added by P.L.51-1984, SEC.1.*

### **IC 6-3.1-9-3**

#### **Amount of credit; application; pass through entities; shareholders or partners of firms without tax liability**

Sec. 3. (a) Subject to the limitations provided in subsection (b) and sections 4, 5, and 6 of this chapter, the department shall grant a tax credit against any state tax liability due equal to fifty percent (50%) of the amount invested by a business firm or person in a program the proposal for which was approved under section 2 of this chapter.

(b) The credit provided by this chapter shall only be applied against any state tax liability owed by the taxpayer after the application of any credits, which under IC 6-3.1-1-2 must be applied before the credit provided by this chapter. In addition, the tax credit

which a taxpayer receives under this chapter may not exceed twenty-five thousand dollars (\$25,000) for any taxable year of the taxpayer.

(c) If a business firm that is:

(1) exempt from adjusted gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(2); or

(2) a partnership;

does not have any tax liability against which the credit provided by this section may be applied, a shareholder or a partner of the business firm is entitled to a credit against the shareholder's or the partner's liability under the adjusted gross income tax.

(d) The amount of the credit provided by this section is equal to:

(1) the tax credit determined for the business firm for the taxable year under subsection (a); multiplied by

(2) the percentage of the business firm's distributive income to which the shareholder or the partner is entitled.

The credit provided by this section is in addition to any credit to which a shareholder or partner is otherwise entitled under this chapter. However, a business firm and a shareholder or partner of that business firm may not claim a credit under this chapter for the same investment.

*As added by P.L.51-1984, SEC.1. Amended by P.L.25-1993, SEC.11; P.L.1-1994, SEC.29; P.L.192-2002(ss), SEC.100.*

#### **IC 6-3.1-9-4**

##### **Application for credit; form; contents; priority; notification of credit allowable; filing of statement; disallowance**

Sec. 4. (a) Any business firm or person which desires to claim a tax credit as provided in this chapter shall file with the department, in the form that the department may prescribe, an application stating the amount of the contribution or investment which it proposes to make which would qualify for a tax credit, and the amount sought to be claimed as a credit. The application shall include a certificate evidencing approval of the contribution or program by the director of the department of commerce.

(b) The director of the department of commerce shall give priority in issuing certificates to applicants whose contributions or programs directly benefit enterprise zones.

(c) The department shall promptly notify an applicant whether, or the extent to which, the tax credit is allowable in the state fiscal year in which the application is filed, as provided in section 5 of this chapter. If the credit is allowable in that state fiscal year, the applicant shall within thirty (30) days after receipt of the notice file with the department of revenue a statement, in the form and accompanied by the proof of payment as the department may prescribe, setting forth that the amount to be claimed as a credit under this chapter has been paid to an organization for an approved program or purpose, or permanently set aside in a special account to be used solely for an approved program or purpose.

(d) The department may disallow any credit claimed under this

chapter for which the statement or proof of payment is not filed within the thirty (30) day period.

*As added by P.L.51-1984, SEC.1.*

#### **IC 6-3.1-9-5**

##### **Limitation on tax credits; approval of applications; failure to file statement of proof of payment**

Sec. 5. (a) The amount of tax credits allowed under this chapter may not exceed two million five hundred thousand dollars (\$2,500,000) in the state fiscal year beginning July 1, 1997, and ending June 30, 1998, and each state fiscal year thereafter.

(b) The department shall record the time of filing of each application for allowance of a credit required under section 4 of this chapter and shall approve the applications, if they otherwise qualify for a tax credit under this chapter, in the chronological order in which the applications are filed in the state fiscal year.

(c) When the total credits approved under this section equal the maximum amount allowable in any state fiscal year, no application thereafter filed for that same fiscal year shall be approved. However, if any applicant for whom a credit has been approved fails to file the statement of proof of payment required under section 4 of this chapter, an amount equal to the credit previously allowed or set aside for the applicant may be allowed to any subsequent applicant in the year. In addition, the department may, if the applicant so requests, approve a credit application, in whole or in part, with respect to the next succeeding state fiscal year.

*As added by P.L.51-1984, SEC.1. Amended by P.L.95-1995, SEC.1; P.L.64-1997, SEC.1.*

#### **IC 6-3.1-9-6**

##### **Allowable years of credit**

Sec. 6. A tax credit shall be allowable under this chapter only for the taxable year of the taxpayer in which the contribution qualifying for the credit is paid or permanently set aside in a special account for the approved program or purpose.

*As added by P.L.51-1984, SEC.1.*